

# **PROGRESS REPORT**

***For TISEZA Certificate Renewal, Expansion and Inclusion of  
Additional Project Locations***



***Location: A: Chang'ombe A, Mandela Road, Temeke Municipality, Dar es Salaam***

***B: Plot 5 Block A Located at Sokota Street, Temeke District***

***C: Plot 7 Block A Located at Sokota Street, Temeke District***

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## 1. Executive Summary

The Company previously operated under a Tanzania Investment Centre (TIC) now known as Tanzania Investment and Special Economic Zone Authority Certificate of Incentives, which expired in 2023. During the validity of the certificate, the Company successfully implemented its approved investment by establishing operations in a leased industrial facility of approximately 3,000 square meters, used for plant operations and assembly activities. The facility has remained operational and continues to support the Company's core business functions.

Over recent years, the Company has experienced increasing market demand for its products and related services. This demand is driven by rapid urbanization, population growth, and rising commercial activity in Dar es Salaam, particularly within Temeke Municipality. As the customer base expands, there is a growing need for efficient after-sales support, faster availability of spare parts, and accessible customer service facilities to reduce downtime and improve service delivery.

In response to these market dynamics, the Company has undertaken a strategic expansion of its investment. As part of this expansion, the Company has acquired two additional parcels of land located within Temeke District (Sokota Street area). These sites are intended for the development of:

- A Customer Service Centre, and
- A Spare Parts Storage and Logistics Facility

The new locations are designed to operate as functional extensions of the existing Chang'ombe A, Mandela Road facility, strengthening the overall value chain by improving customer reach, service turnaround time, and inventory management.

The expansion represents a continuation and deepening of the original TISEZA approved investment, with a total investment value of approximately USD 5 million and direct employment currently at 30 staff, projected to increase to 100 employees within the next two years as the new facilities become fully operational.

Accordingly, the Company respectfully requests the Tanzania Investment Centre to:

- Renew or re-issue the TISEZA Certificate of Incentives, and
- Formally include the two newly acquired project locations under the existing TISEZA investment framework, recognizing them as integral components of the same investment project.

Item	Details
TIC Certificate Status	Expired in 2023; Company seeks renewal/variation and inclusion of two new locations
Core Facility (Existing)	Leased industrial building ~3,000 m <sup>2</sup> for plant operations and assembly
Total Investment Value	Approx. USD 4.0 million (existing + expansion)
Current Employment	Approx. 30 direct jobs
Employment after Expansion	Approx. 60 direct jobs (additional 30)

Expansion Assets	Two acquired plots for Customer Service Centre and Parts Storage & Logistics
Primary Location	Chang'ombe A, Mandela Road, Temeke Municipality, Dar es Salaam

### 3. Market Context and Rationale for Expansion

Dar es Salaam continues to experience sustained population growth, rapid urbanization, and increasing commercial and industrial activity, particularly within the Temeke corridor. These trends have resulted in a steady expansion of the customer base and higher utilization of vehicles, machinery, and equipment that require regular servicing, maintenance, and timely availability of spare parts.

As economic activity intensifies, customers increasingly demand reliable after-sales support, shorter repair turnaround times, and immediate access to genuine spare parts. Delays caused by limited service points or fragmented parts storage directly affect productivity and operating costs for customers. In response, the Company's expansion strategy is designed to bring services closer to customers while improving operational efficiency across the value chain.

The planned establishment of a dedicated Customer Service Centre and a centralized Spare Parts Storage and Logistics Facility will enable the Company to:

- reduce operational downtime for customers,
- improve speed and reliability of service delivery,
- strengthen spare parts supply chain efficiency and inventory control, and
- enhance overall customer satisfaction, retention, and brand confidence.

This expansion aligns with broader national objectives of supporting private sector growth, improving service efficiency, and strengthening industrial support infrastructure in high-growth urban areas.

#### Key demand drivers supporting the expansion include:

- Continued population growth and urbanization in Dar es Salaam, leading to increased service demand
- Higher utilization rates of vehicles and equipment, resulting in increased preventive maintenance and repair needs
- Strong customer preference for locally available spare parts to minimize service delays and reliance on imports
- The operational need for centralized and well-managed parts storage to improve availability, reduce stock-outs, and optimize logistics

#### 4. Progress Achieved Under the Previous TISEZA Certificate

During the validity period of the previous TIC Certificate of Incentives, the Company successfully implemented the approved investment and established fully operational facilities, demonstrating commitment to the project and compliance with the intended investment objectives. Operations have continued beyond the certificate expiry, reflecting the sustainability and commercial viability of the investment.

Key progress achieved includes the following:

The Company secured and effectively utilized a leased industrial facility of approximately 3,000 square meters, which has served as the primary site for plant operations and assembly activities. The facility was configured to support efficient workflow, safe operations, and storage of components and finished products, forming the backbone of the Company's production and service delivery capacity.

In addition, the Company established and standardized core operational systems, including:

- assembly and production processes,
- internal quality control procedures to ensure consistency and reliability, and
- structured storage and handling systems for materials and components.

These systems enabled the Company to maintain consistent output levels, manage inventory efficiently, and meet customer requirements in a timely manner.

From a socio-economic perspective, the investment has generated direct employment for approximately 30 staff, with a strong emphasis on local recruitment and skills development. Employees have been engaged across technical, operational, administrative, and support functions, contributing to skills transfer and workforce development within the local community.

Furthermore, the Company has successfully delivered products and related services to customers, building a stable and growing client base. Through continuous operations, the Company has strengthened its market presence, established operational credibility, and laid a solid foundation for the planned expansion of customer service and spare parts support facilities.

Overall, the progress achieved under the previous TIC Certificate demonstrates that the project has moved beyond the planning stage into active implementation and sustained operation, justifying the proposed renewal, expansion, and inclusion of additional project locations under the TISEZA framework.

## **5. Investment Progress and Capital Injection (Expansion Scope (New Assets and Locations))**

Since issuance of the original Certificate of Incentives, the Company has progressively injected capital into the project in line with the approved investment plan. Capital deployment has been undertaken in phases, aligned with operational milestones, market entry requirements, and gradual scale-up of activities. This phased approach has ensured prudent financial management, sustainability of operations, and effective utilization of invested funds.

As at the date of this report, the Company has invested approximately USD 3.1 million out of the approved USD 4.0 million total investment value. The capital invested to date has been primarily financed through shareholder equity contributions and reinvestment of internally generated operational earnings. The Company has not relied on external borrowing or long-term debt financing, reflecting a conservative capital structure and strong shareholder commitment to the project.

Capital injected to date has been allocated to the following broad categories:

- establishment and configuration of the leased industrial facility for plant operations and assembly activities;
- acquisition and installation of assembly tools, machinery, and supporting equipment;
- procurement of quality control and testing equipment;
- development of internal systems, including ICT and inventory management tools;
- working capital requirements to support initial operations and service delivery.

The remaining portion of the approved investment capital, estimated at USD 0.9 million, is earmarked for deployment during the current expansion phase. This capital will be applied towards development of the Customer Service Centre and Spare Parts Storage and Logistics Facility, including construction or fit-out works, acquisition of additional equipment, recruitment and training of staff, and strengthening of operational systems.

Overall, the Company confirms that capital injection has been consistent with the approved investment objectives and that the project has moved decisively from planning into sustained commercial operation.

## 6. Operational Status and Capacity

The project is currently operating at a commercial level, having successfully progressed through the initial setup, pilot, and trial phases. The Company is actively delivering assembly-related services and after-sales support to its customers, supported by established operational systems and experienced staff.

At present, capacity utilization is estimated at approximately 65–70% of installed operational capacity. This level of utilization reflects existing constraints related mainly to:

- limited dedicated space for customer service activities, and
- decentralized and space-constrained spare parts storage arrangements.

Despite these constraints, the Company has maintained stable operations and service delivery. The planned expansion—through establishment of a dedicated Customer Service Centre and centralized Spare Parts Storage facility—is expected to significantly enhance operational efficiency.

Upon completion of the expansion, the Company anticipates:

- increased service throughput;
- faster turnaround times for customer repairs and servicing;
- improved coordination between assembly, service, and logistics functions; and
- higher overall capacity utilization levels.

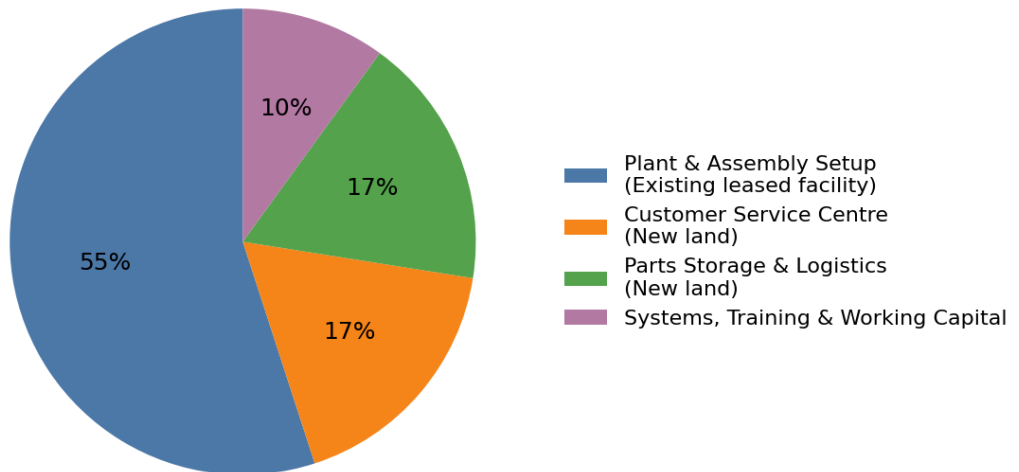
The expansion will therefore unlock latent operational capacity and support sustained growth in line with market demand.



**7. Investment Plan (USD 5.0 million)**

The investment value is approximately USD 5.0 million, covering the existing plant/assembly operations and the planned expansion facilities. The chart below provides an illustrative breakdown of investment focus areas.

Illustrative Investment Allocation (USD 4.0 million)



**Figure 1: Illustrative Investment Allocation (USD 4.0 million)**

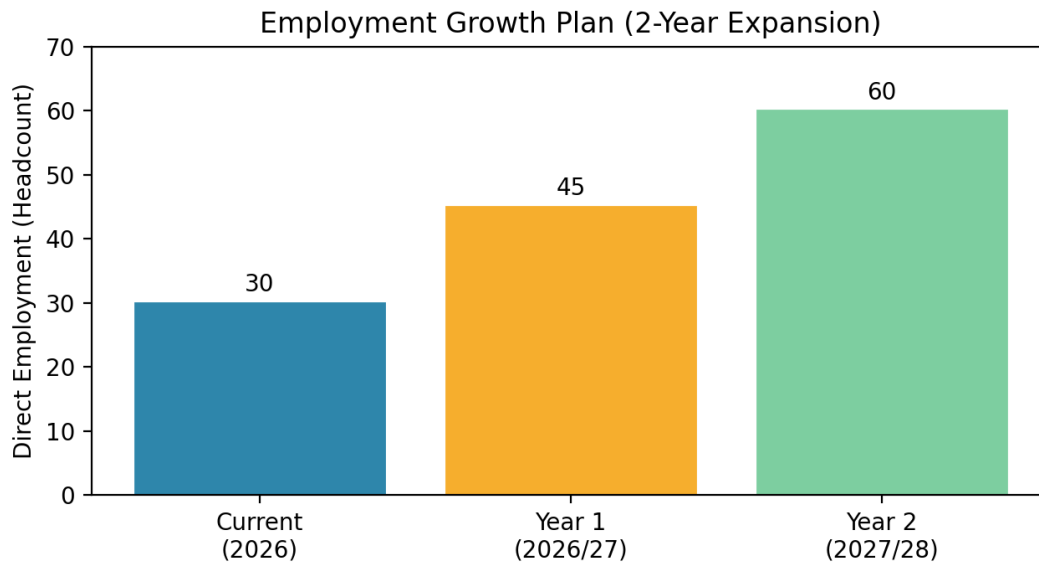
Component	Estimated Amount (USD)	Purpose
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Plant & Assembly Setup (Existing leased facility)	2,200,000	Operations, assembly line, tooling, utilities integration, safety & compliance
Customer Service Centre (New land)	700,000	Service bays, diagnostic area, customer reception, workshop fit-out
Parts Storage & Logistics (New land)	700,000	Warehouse racking, security, handling equipment, dispatch systems
Systems, Training & Working Capital	400,000	Training, ICT systems, inventory systems, initial working capital

### 8. Employment and Skills Development

The project has created approximately 30 direct jobs and will expand by an additional 30 jobs as the new facilities become fully operational. The Company will continue prioritizing local hiring and structured on-the-job training to strengthen technical and customer-service capability.

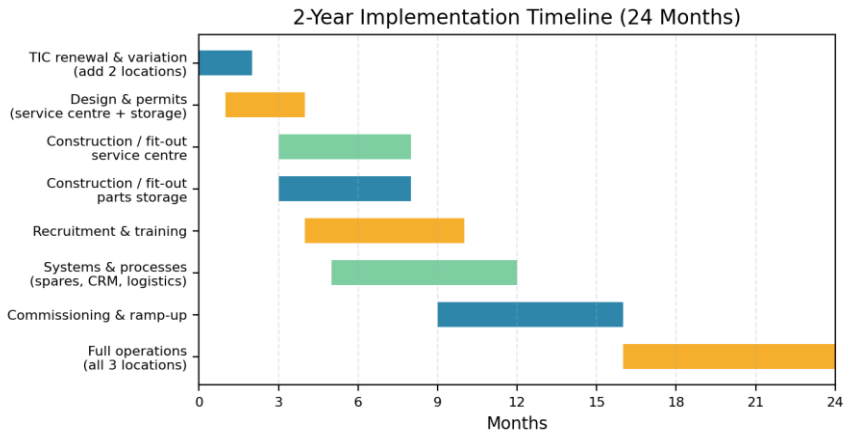
**Figure 2: Employment Growth Plan**



## 8. Two-Year Implementation Timeline (24 Months)

The Company proposes a structured implementation plan over 24 months to complete certification regularization, facility development, staffing, and operational ramp-up.

**Figure 3: 2-Year Implementation Timeline**



## 9. Financial Performance (Indicative)

Since commencement of commercial operations, the Company has generated consistent operating revenues, confirming the commercial viability of the investment. Average annual turnover in recent operating periods is estimated in the range of USD 1.2 million to USD 1.5 million, derived from assembly-related services, after-sales support, and supply of parts.

Revenue performance has been supported by:

- a growing customer base in Dar es Salaam;
- repeat business from existing clients; and
- increasing demand for reliable after-sales support.

While current revenues are moderated by space and logistics limitations, the Company expects progressive revenue growth following completion of the expansion facilities. Improved service capacity, better spare parts availability, and enhanced customer experience are expected to translate into higher sales volumes and improved operational margins.



## 10. Future Investment Plans (2–5 Years)

Over the next two to five years, the Company plans to further consolidate and expand its investment in Tanzania. Key forward-looking initiatives include:

- completion and full operationalization of the Customer Service Centre and Spare Parts Storage & Logistics Facility;
- full utilization of the approved USD 5.0 million investment capital;
- expansion of service coverage within Dar es Salaam and selected nearby regions;
- strengthening of local supply chains and inventory systems; and
- potential introduction of additional service lines or value-added support activities, subject to market demand.

Employment is expected to grow beyond the projected 100 staff should market conditions remain favorable. These plans underscore the Company's long-term commitment to Tanzania and alignment with national industrial and private sector development objectives.

## 11. Conclusion

In view of the progress achieved and the planned expansion, the Company respectfully requests the Tanzania Investment and Special Economic Zones Authority to:

- acknowledge the level of implementation achieved under the previous TISEZA Certificate of Incentives;

- approve the renewal or re-issuance of the TISEZA Certificate;
- approve the inclusion of the two newly acquired plots at Sokota Street, Tememe District, as integral components of the same investment project; and
- update the Company's project profile to reflect the expanded scope, assets, and locations.

The Company remains fully committed to complying with TISEZA requirements and is ready to provide any additional information or clarification that may be required to facilitate this process.